



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 18, 1996

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES
AND THE DEPUTY UNDER SECRETARY
OF DEFENSE (ACQUISITION REFORM)

FROM: Steven Kelman *SK*
Administrator

SUBJECT: Temporary Suspension of Past Performance
Implementation Thresholds

The Federal Acquisition Regulation (FAR) at sections 15.605 and 42.1502 requires the use of past performance information in source selection and the evaluation of current performance on a periodic basis at specified thresholds over the next two years. Currently, FAR requires the use of past performance as a source selection factor in all procurements of \$1 million or more and the preparation of past performance evaluations for contracts at or above \$500,000. Feedback from agencies indicates that our concerted efforts to increase the use of past performance is motivating contractors to improve their performance and is enabling source selection officials to make better determinations of what constitutes "best value". However, there has been discussion among the agencies on the amount and type of information that should be collected, and on the cost effectiveness of collecting and using past performance data on smaller dollar contracts.

As a result of these discussions, I am temporarily suspending mandatory implementation of the requirement to use past performance information in source selections on contracts below \$1 million and the requirement to provide past performance evaluations on contracts of less than \$1 million while we work together to revisit the threshold timing and amount, and the type of data to collect in various business areas.

Training and other management efforts to ensure that past performance is effectively and economically used to help achieve best value source selections remains a top priority. I hope this matter remains a priority for your management attention and urge you to actively participate in this important discussion.